United Nations Conference on Trade and Development
Japan Bank for International Cooperation

# Blue Book on Best Practice in Investment Promotion and Facilitation

# Ghana

UNCTAD GIPC JBIC

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# PREFACE

The Blue Book for Ghana provides concrete measures that will improve the investment climate and can be implemented by the Government within 12 months. These measures are intended to support Ghana's development goals as articulated in the National Medium Term Private Sector Development Strategy 2004-2008 (PSDS). This Strategy outlines an action plan for revitalizing the private sector and achieving a "Golden Age of Business" in Ghana.

Four objectives are presented in the PSDS. 1) An enhanced position for Ghana in regional and global markets 2) Increased efficiency and accessibility of national markets 3) Increased competence and capacity at the firm level and 4) Strengthened government private sector policy formulation, implementation, monitoring and evaluation. To achieve these objectives, the PSDS contains actions at the international, national and firm levels. The Blue Book on Ghana proposes measures that support the Strategy. Annex 1 contains a list of the relevant institutions involved in the implementation of the proposed Blue Book measures, and Annex 2 contains a description of the relationship between the measures and the four PSDS strategic objectives and related actions.

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# CONTENTS

# ABBREVIATIONS

| | | |
|---|---|---|
| AGI | - | Association of Ghana Industries |
| BITs | - | Bilateral investment treaties. |
| BPO | - | Business Process Outsourcing |
| CEPS | - | Customs, Excise and Preventive Service |
| DTTs | - | Double Taxation Treaties |
| ECOWAS | - | Economic Community Of West African States |
| FDI | - | Foreign Direct Investment |
| FIAS | - | Foreign Investment Advisory Service |
| GIPC | - | Ghana Investment Promotion Centre |
| GoG | - | Government of Ghana |
| IPP | - | Independent power projects |
| IPR | - | Investment Policy Review |
| IT | - | Information Technology |
| LDCs | - | least developed countries |
| NCA | - | the National Communications Authority |
| OSS | - | One-Stop Shop |
| PSDS | - | Private Sector Development Strategy |
| TNCs | - | Transnational Corporations |
| TSSP | - | Trade Sector Support Programme |
| UNCTAD | - | United Nations Conference on Trade and Development |
| US$ | - | United States Dollars |
| VoIP | - | Voice over Internet Protocol |

## FIFTEEN-POINTS ACTION PLAN

**Measure 1.** Revise the Bilateral Investment Treaty Model to guide future negotiations and expand the double taxation treaty network.

**Measure 2.** Improve the application of the new labour law.

**Measure 3.** Develop a training programme to increase productivity among factory workers.

**Measure 4.** Reform the duty drawback refund system and set deadlines and penalties in the administration of customs duty drawback.

**Measure 5.** Attract investment into new power generation projects.

**Measure 6.** Commercialize VoIP calling facilities.

**Measure 7.** Develop a Land Bank Portal.

**Measure 8**. Set up an online tax information service.

**Measure 9.** Prepare a model stability agreement for mining.

**Measure 10.** Develop a package of measures to facilitate investment in value-adding downstream processing of minerals.

**Measure 11.** Enact the competition law.

**Measure 12.** Establish a digital One-Stop Shop.

**Measure 13**. Set up a promotion strategy in two key sectors and prepare and distribute investment promotion material.

**Measure 14.** Design an investment promotion training programme for diplomats.

**Measure 15.** Organise a matchmaking event with 10 large and medium size Asian TNC.

# INTRODUCTION

## *Objectives*

The Blue Book of Ghana is intended to guide Ghana in the process of improving its investment climate. It is intended that these measures, if implemented, will contribute towards a business-public dialogue about investment impediments, the elimination of identified impediments to foreign direct investment and ultimately an increase in foreign direct investment in Ghana.

## *Background*

The Blue Book for Ghana forms part of the efforts of the United Nations Conference on Trade and Development (UNCTAD) and the Japan Bank for International Cooperation (JBIC) to enhance the appeal of Africa as a location for investment. UNCTAD has carried out a number of activities in the region (e.g. investment policy reviews and investment guides), while the Government of Japan has recently announced its effort to promote Japanese investment in Africa (among other things through the facilities of JBIC). The Blue Books for East Africa (Kenya, Tanzania, Uganda) were recognized by the prestigious Africa Investor Awards, which commended their contribution to "Smart Regulation". The first Blue Books, also a joint UNCTAD-JBIC initiative were prepared for Cambodia and Lao PDR in 2004, to assist these new members of ASEAN to strengthen their investment climate

## *Process*

The Blue Book on Best Practice in Investment Promotion and Facilitation for Ghana contains concrete and measurable initiatives for government to achieve best practice. The following criteria were employed in determining the suitability of initiatives: (1) cause of significant concern to existing foreign investors and therefore, if ameliorated, potential for high impact; (2) ability to implement the measure within a 12-month timeframe (3) practicality of implementation of the measure; and (4) limited cost of implementation.

The measures presented in the Blue Book reflect the views of a number of stakeholders including the Ghana Investment Promotion Centres, several existing foreign investors, industry association, and different government agencies. The measures were initially developed through a series of consultations with representatives from all these groups. Twenty selected measures were subsequently discussed at a stakeholder workshop attended by investors and Government of Ghana representatives that was held in Accra on 29 May 2006.

## *Monitoring implementation*

It was the feeling of the workshop that monitoring of the implementation of the measures be best undertaken on a quarterly basis by the Ministry of Trade, Industry, Private Sector Development and Special Presidential Initiatives with the assistance of the Ghana Investment Promotion Centre.

It was further recommended that the measures be incorporated into the Government of Ghana Private Sector Development Strategy (PSDS) 2004-2008 (see Annex 2). In addition, the measures should be placed on the agenda of the Ghana Trade and Investment Gateway Programme, which seeks to promote foreign direct investment and to establish Ghana as a major manufacturing, value-added, financial and commercial centre in West Africa.

***N.B.*** *Most of what is proposed in this Blue Book is also discussed more thoroughly in the Investment Policy Review (IPR) of Ghana that UNCTAD undertook in 2002. The IPR has a longer-term perspective and is available on line (www.unctad.org/ipr). The two documents should be seen as parts of a single process, intended to end in an improved investment climate in Ghana.*

## Measure 1. Revise the Bilateral Investment Treaty Model to guide future negotiations and expand the double taxation treaty network.

### (a) Rationale and Country Context

Bilateral investment treaties (BITs) have proved to be useful policy tools for governments who wish to ensure sound treatment and protection for FDI. The network of BITs has expanded throughout the world during the past four decades, totalling more than 2,400 concluded treaties. So far, Ghana has concluded 26 BITs mostly with African and European countries. By signing these agreements, Ghana shows its commitment to provide a stable, transparent and predictable investment climate. However, information on the entry into force of 18 of these treaties is not available. Given the elapsed time since the negotiation of some of these treaties it would be advisable to review the terms of these treaties to take into account recent changes in the international landscape of investment rule-making. Investment rules set out in BITS as well as in preferential free trade agreements with investment components and multilateral agreements are multi-layered and multi-faceted. This poses a challenge to Ghana and other developing countries to cope with multiple commitments in investment, which may contain overlapping or even inconsistent provisions. The increasing number of international arbitration cases and the reach of foreign investment into new areas such as liberalised utilities are also exposing the language and scope of BITs to new scrutiny. New agreements are thus emerging, featuring a structure and approach to investment issues not found in earlier agreements, with variations in scope and content, and dealing with policy coherence. It is recommended to undertake an in-depth review of existing commitments under BITs and other investment agreements in order to revise or develop a new model BIT to serve as a guide in future BIT negotiations. This should take into account national development objectives as well as contemporary developments in international investment rulemaking. In addition to the BITs, Ghana is negotiating treaties for the avoidance of double taxation (DTT), and efforts should be made to expand the network of such treaties.

### (b) Examples of best practice

Given the recent trends in international investment rule-making, some countries have reviewed their model BIT (e.g. Canada, Chile, Japan, Mexico and the United States). Revisions include issues such as the definitions of investment and investor aiming at limiting the scope of the treaty; fair and equitable treatment in order to clarify the standard; protection at the pre- and post-establishment levels; non-discrimination principles (national treatment and MFN) taking into account recent jurisprudence; expropriation using criteria to better define indirect expropriation; public interest exceptions (e.g. protection of health, safety and environment); and much more detailed investor-State dispute settlement provisions. UNCTAD provided advisory services and legal assistance for the review of the Colombian model BIT, as well as for Egypt and Sri Lanka. Recently, as a follow-up to the UNCTAD's Investment Policy Review, Colombia revised substantive provisions contained in its BIT model to take into account the recent developments in treaty practice and enhance policy coherence. Since the revision of the model BIT, Colombia has embarked in and successfully concluded BIT negotiations with Spain and Switzerland.

## (c) Action Plan

- Undertake a comprehensive legal review of the BITs concluded by Ghana, beginning with the 18 non-ratified ones to identify their compatibility with Ghana's development objectives and investment priorities.
- Draft a new model BIT ensuring that it meets all of Ghana's development objectives and investment priorities as well as contemporary developments in international investment rule making.
- Undertake a review of existing DTTs, devise a strategy to expand the network, and prepare for negotiations.

## (d) Key performance indicators

| | **Milestone/Activity** | **Expected completion date** |
|---|---|---|
| 1 | Undertake a comprehensive legal review of the BITs concluded by Ghana, beginning with the 18 non-ratified ones to identify their compatibility with Ghana's development objectives and investment priorities. | September 30, 2006 |
| 2 | Draft a new model BIT ensuring that it meets all of Ghana's development objectives and investment priorities as well as contemporary developments in international investment rule making. | October 15, 2006 |
| 3 | Undertake a review of existing DTTs, prepare for negotiations and devise a strategy to expand the network. | October 15, 2006 |

## (e) Financial implications

| | **Milestone/Activity** | **Estimated cost (US$)** |
|---|---|---|
| 1 | Undertake a comprehensive legal review of the BITs concluded by Ghana, beginning with the 18 non-ratified ones to identify their compatibility with Ghana's development objectives and investment priorities. | 20,000 for technical assistance. |
| 2 | Undertake a review of existing BITs, device a strategy to expand the network, and prepare a model treaty for negotiations. | 15,000 for technical assistance. |
| 3 | Undertake a review of existing DTTs, prepare for negotiations and devise a strategy to expand the network. | 30,000 for technical assistance. |

*<u>Lead Implementing Institutions:</u> GIPC, Ministry of Finance, Internal Revenue Services.*

*<u>Collaborating Institutions:</u> Ministry of Foreign Affairs.*

## Measure 2. Improve the application of the new labour law.

### (a) Rationale and Country Context

Provisions that enshrine labour rights in Ghana are generally first negotiated under firm-specific collective bargaining conditions and have become institutionalized over time. In some cases, labour unions competing for influence in the workplace have caused serious disruptions. To improve labour relations, the Government of Ghana enacted, in 2003, a new labour law, Act 651, to improve conflict resolution by instituting a dispute settlement mechanism. The new labour law has a provision for seeking redress before strike action. Another provision caters for the expeditious settlement of grievances that involve essential service workers. However, these provisions are not enforced because of inadequate knowledge of the provisions of the law. Employers, workers and other stakeholders should have access to appropriate training to learn about its provisions. In accordance with Act 651, an independent tripartite National Labour Commission has been duly established, with a functioning secretariat, to implement the provisions of the Act.

### (b) Examples of best practice

Colombia reformed its labour law in 2002 (Law 789). It introduced flexible working contracts, cut overtime costs, reduced severance payments, and provided tax exemptions for employers hiring individuals aged over 50 or between 16 and 25 and subsidies to those employing jobless heads of households. The World Bank, which identified all reforms affecting the business environment in 145 countries, ranked Colombia second among the top 10 reformers, with marked progress in labour regulations.

### (c) Action Plan

- The National Labour Commission in collaboration with trade unions, employers organizations, chambers and other stakeholders should organize an awareness programme on the provisions of the labour law.
- To support the awareness programme, information material should be prepared including issues relevant for foreign investors.

### (d) Key performance indicators

| | **Milestone/Activity** | **Expected completion date** |
|---|---|---|
| 1 | Preparation of information material in support of the awareness programme. | October 31, 2006 |
| 2 | Organization of nationwide awareness programme on the provisions of new Labour Act. | April 30, 2007 |

## (e) Financial implications

| | Milestone/Activity | Estimated cost (US$) |
|---|---|---|
| **1** | Preparation of information material in support of the awareness creation programme. | 50,000 for production of information material. |
| **2** | Organization of nationwide awareness programme on the provisions of the labour law, Act 651. | 50,000 for technical assistance. |

*Implementing institutions*: *National Labour Commission in collaboration with Organized Labour (TUC, etc.), Ghana Employers Association and the Private Enterprise Foundation.*

## Measure 3. Develop a training programme to increase productivity among factory workers.

### (a) Rationale and Country Context

The domestic orientation of many Ghanaian firms provides them with limited exposure to international competition. To increase international competitiveness, productivity and production methods should be upgraded to international standards. A recently adopted labour law enabled productivity-based pay schemes. But the actual implementation of the labour law requires further work. Ghana's labour force is still not familiar with the new schemes, which are often key to attracting FDI, securing subcontracting opportunities and adapting workers to new technologies introduced by foreign investors. In order to ease the application of the new arrangements, specific training in productivity-based pay schemes is required for both workers and middle managers. To guarantee optimal training opportunities, a pilot project should focus on attaining international best practice standards and draw on the experience of existing public and private training institutions in Ghana. By developing a training programme methodology applicable for other firms, the pilot project will contribute to developing the ongoing "best practice framework", which is a PSDS action to monitor the performance of firm level initiatives.

### (b) Examples of best practice

The Irish Industrial Development Agency (IDA) is a Government agency with responsibility for securing new foreign direct investment in manufacturing and internationally-traded services sectors and to encourage existing investors to expand and develop their businesses. IDA currently builds links between international businesses and third level education and research centres in order to guarantee that foreign investors can recruit people with the necessary skills, capabilities and productivity levels. IDA Ireland therefore works closely with managers of the Irish subsidiaries of TNCs to help them move up the value chain in their local operations and within their parent corporations. IDA has, in the past, successfully co-developed and initiated training programmes on productivity. A model of joint training institutions by the Economic Development Board (EDB) and leading transnational corporations (TNCs) has also been established in Singapore. In addition, between 1979 and 1982 the Japan-Singapore Technical Institute, the German-Singapore Institute and the French-Singapore Institute were started. The contribution of TNCs took various forms including assistance in curriculum and programme development, transfer of technology and know-how through secondment of experts, training of EDB instructors and technical staff at the participating firms' overseas locations. [1]

[1] UNCTAD (2005). *World Investment Report 2005. Transnational Corporations and the Internationalization of R&D*. Sales no.: E.05.II.D.10

## (c) Action Plan

- Select 3-5 projects among export oriented factories in Ghana.
- Identify training partner organizations among public and privately run training institutions.
- Carry out training needs assessment among factory workers and middle managers in selected projects.
- Design a pilot training project focusing on productivity including specific training in productivity-based pay schemes in collaboration with foreign private investors.
- Test and deliver the training methodology.
- Set up benchmarks to include in the "best practice framework" for firm initiatives being developed by the Government of Ghana.

## (d) Key performance indicators

| | **Milestone/Activity** | **Expected completion date** |
|---|---|---|
| 1 | Survey export oriented factories, and select 3-5 projects. | September 30, 2006 |
| 2 | Identify training partner organizations among public and privately run training institutions. | September 30, 2006 |
| 3 | Carry out training needs assessment among factory workers and middle managers in selected projects. | November 30, 2006 |
| 4 | Design a pilot training project focusing on productivity including specific training in productivity-based pay schemes in collaboration with foreign private investors. | January 31, 2007 |
| 5 | Test and deliver the training. | April 30, 2007 |
| 6 | Set up benchmarks to include in the "best practice framework" for firm initiatives being developed by the Government of Ghana. | August 31, 2007 |

## (e) Financial implications

| | **Milestone/Activity** | **Estimated cost (US$)** |
|---|---|---|
| 1 | Survey export oriented factories, and select 3-5 projects. | 10,000 for technical assistance. |
| 2 | Identify training partner organizations among public and privately run training institutions. | None. |
| 3 | Carry out training needs assessment among factory workers and middle managers in selected projects. | 15,000 for technical assistance. |
| 4 | Design a pilot training project focusing on productivity including specific training in productivity-based pay schemes in collaboration with foreign private investors. | 20,000 for technical assistance. |

| | **Milestone/ Activity** *(continued)* | **Estimated cost (US$)** |
|---|---|---|
| 5 | Test the training methodology and deliver the training in 3-5 projects. | 25,000 for technical assistance. |
| 6 | Set up benchmarks to include in the "best practice framework" for firm initiatives being developed by the Government of Ghana. | 5,000 for technical assistance. |

*Lead Institutions:* *Ghana Employers' Association (GEA).*

*Collaborating Institutions:* *Trades Union Congress (TUC), Ministry of Manpower, Youth & Employment (MMYE) / Management Development & Productivity Institute (MDPI), Empretec Ghana.*

## Measure 4. Reform the duty drawback refund system and set deadlines and penalties in the administration of customs duty drawback.

### (a) Rationale and Country Context

Since 1986, the organization and administration of the Customs, Excise and Preventive Service (CEPS) has undergone significant changes aimed at increasing the credibility and efficiency of the service, which collects about 50% of government revenue. Since August 2004, CEPS introduced new guidelines for the refund of import duty on raw materials used in producing export goods or finished goods that are re-exported (duty drawback). The guidelines aim to ensure timely processing of documents and prompt payment of claims made by manufacturers, importers and exporters. CEPS must continue its ongoing efforts to modernize and improve the organization, especially its efforts at making electronic data entry obligatory. It must also ensure compliance of procedures, with timely refunds of duty drawback to traders.

In order to improve the administration of drawbacks, CEPS has introduced a sophisticated Customs Management/TradeNet system, called GCNet, which registers all trade transactions. With an additional module attached to this platform, the duty drawback refunds could be calculated and processed within two weeks.

However, CEPS faces inadequate funding of the escrow account, set up by the government, for meeting these claims. The account is currently funded from 0.16% of CEPS' monthly revenues, which is insufficient.

### (b) Examples of best practice

The refund of duty drawback works more efficiently in Zambia. In order to guarantee duty drawback refunds, the Customs and Excise Division of Zambia has created a ring-fenced fund at the Central Bank. All import duties paid are deposited into that fund. The fund is then used to pay duty drawbacks within a period of six weeks, following claims. The remaining balance, after all pending drawback payments have been made, is then remitted on a monthly basis to the Treasury. A similar system is used for refunding value-added tax (VAT).

### (c) Action Plan

- Upgrade the GCNet system in order to provide rapid processing of duty drawbacks.
- Modify the funding conditions of the escrow account in order to allocate sufficient resources for the duty drawbacks payments.
- Introduce deadlines and penalties for late payment of duty drawbacks and for non-observance of the agreed procedures.

## (d) Key performance indicators

| | Milestone/Activity | Expected completion date |
|---|---|---|
| 1 | Upgrade the GCNet system | 28 February 2007 |
| 2 | Design and introduce a reliable and efficient financing mechanism for the duty drawback account. | 30 March 2007 |
| 3 | Introduce deadlines and penalties for late payment of duty drawbacks and for non-observance of the agreed procedures. | 30 March 2007 |

## (e) Financial implications

| | Milestone/Activity | Estimated cost (US$) |
|---|---|---|
| 1 | Upgrade the GCNet system. | 15,000 for technical assistance. |
| 2 | Design a reliable and efficient financing mechanism for the duty drawback account. | 15,000 for technical assistance. |
| 3 | Introduce deadlines and penalties for late payment of duty drawbacks and for non-observance of the agreed procedures. | None. |

*Implementing institutions*: *CEPS, Ministry of Trade and Industry, Private Sector Development and Special Presidential Initiative, Ministry of Finance, Attorney General's Department*.

## Measure 5. Attract investment into new power generation projects.

### (a) Rationale and Country Context

Inadequate electricity supply is a major constraint when doing business in Ghana. Electricity production has not kept pace with the growing economy. It has been estimated that power shortages and outages reduced national output by 4% in 1998 and a further 1% in 1999. Unreliable and limited power has been mainly affecting the mining and manufacturing sectors and IT services (UNCTAD, 2002).[2] As Ghana's economy and electricity demand grows, the need for more power generation is becoming evident, but little action has been taken to attract private power producers. Since the West Africa Gas Pipeline Project will be providing low cost and sustainable fuel (and electricity) for Ghana in the long run, the Government should identify a few new key power generation projects that could increase Ghana's electricity output within a relatively short period.

### (b) Examples of best practice

The energy sector consists of three segments: generation, transmission and distribution. Many countries have privatized the sector in order to attract private investors to meet growing demand for energy. In a 2003 survey the World Bank estimated that privatization is either completed or in progress in 31% of the countries and that 18% have planned privatization.

However, many developing countries have also sought public private sector partnerships to improve public infrastructure and services with the aid of private investment in an era of government budget austerity.

A new public/private partnerships (PPP) law was enacted in Brazil on 30 December 2004. The new law, based on the British model, gives authority to the government to make direct financial contributions in the form of guarantees or subsidies to the private concessions. These can take the form of a "sponsored concession", which is a public services or works concession where the private concessionaire is entitled to both a tariff paid by end users and financial contribution from the Government. It can also take the form of an "administrative concession", where the private entity provides services to the public entity or partner and the latter makes a payment on basis of the services received from the former.

The new PPP law recognizes the lender's right to intervene in the concession, control the special project company and receive any termination payment-changes. However, whilst the parties may choose their own methods of dispute settlement, including use of independent experts, it appears unlikely that this could include international arbitration. Apart from this last point, Brazil's law can be taken as an example of best practices. The launching, in February 2006, of a PPP guarantee fund of $1.55 billion to backstop the government payments obligations under the PPP concessions was the final step to effective implementation of the law.

[2] UNCTAD (2002). *Investment Policy Review of Ghana*. UNCTAD/ITE/IPC/Misc.14.

## (c) Action Plan

- GIPC and Energy Commission, in consultation with the Ministry of Energy, should develop a special package of incentives aimed at attracting investment in independent power projects (IPP) in Ghana.
- GIPC and Energy Commission should approach at least 3 potential IPP investors to invest in Ghana.

## (d) Key performance indicators

| | Milestone/Activity | Expected completion date |
|---|---|---|
| 1 | GIPC and Energy Commission, in consultation with the Ministry of Energy, should develop a special package of incentives aimed at attracting investment in independent power projects (IPP) in Ghana. | March 31, 2007 |
| 2 | GIPC and Energy Commission should approach at least 3 potential IPP investors to invest in Ghana. | June 30, 2007 |

## (e) Financial implications

| | Milestone/Activity | Estimated cost (US$) |
|---|---|---|
| 1 | GIPC and Energy Commission, in consultation with the Ministry of Energy, should develop a special package of incentives aimed at attracting investment in independent power projects (IPP) in Ghana. | 20,000 for technical assistance and production of specific promotional material. |
| 2 | GIPC and Energy Commission should approach at least 3 potential IPP investors to invest in Ghana. | 15,000 to cover travel and per diem of one officer each from GIPC and Energy Commission to undertake promotional mission in 3 selected countries. |

*Lead Implementing Institutions:* *Energy Commission & GIPC*
*Collaborating Institution:* *Ministry of Energy*

## Measure 6. Commercialize VoIP calling facilities.

### (a) Rationale and Country Context

In order to enhance competition in the national telecommunications market, Ghana should legalise the grey market in international calling by allowing the commercialisation of Voice over Internet Protocol (VoIP) calling facilities. VoIP uses the Internet to manage phone networks. It has the potential to benefit businesses and consumers equally as phone service costs and prices are significantly reduced, and flexibility and efficiency in communications is increased. VoIP allows businesses to extend their communications systems, easing phone contacts, both nationally and internationally. The ability to place long-distance calls at all times, provided both parties have Internet access, reduces phone charges and extends communications networks. Due to the lack of legal framework on VoIP, Ghana has a huge grey market in international calling. In 2003, the grey market was estimated to US$15-25 million. The National Communications Authorities (NCA) could better control and monitor the technology by leading the opening of the VoIP market. This would require allowing commercial telephone operators in Ghana to use VoIP.

### (b) Examples of best practice

According to a recent study by the Commonwealth Telecommunications Organisation, African regulators have been reluctant to legalize VoIP.[3] However, the report notes that African countries can deploy VoIP to meet a number of different objectives, both social and economic. The report identifies two examples, Mauritius and South Africa, that are using VoIP to realize economic and social objectives. While South Africa uses VoIP to deliver cheaper voice services to rural and under-served communities (a social objective), Mauritius successfully introduced VoIP calling facilities as part of the development strategy to turn the country into an attractive destination for Business Process Outsourcing (BPO). As part of the government's plans to transform Mauritius into a "Cyber Island" and a regional hub in the Indian Ocean for the digital economy, it needed to provide potential investors with a world-class telecommunication infrastructure. The government has put in place a legal framework that has empowered the ICT Regulator to issues licenses to operators, which now compete with the national public network, Mauritius Telecom. An element of this competition has come from licensed VoIP international telephony services. The VOIP facilities are also used by call centres in Mauritius, who also benefit from a well-educated bi-lingual (French and English) young and flexible labour force.

### (c) Action Plan

- Set up a protocol agreement between NCA and some selected commercial telephone operators;

[3] Commonwealth Telecommunications Organisation (2006). An overview of VoIP regulation in Africa: policy responses and proposals.

- Examine international best practices on how to allow the commercial use of VoIP.
- Initiate a pilot project by giving VoIP licenses to 2-3 commercial telephone operators in Accra.
- Evaluate the pilot project and decide whether to expand the commercial use of VoIP or not.

## (d) Key performance indicators

| | **Milestone/Activity** | **Expected completion date** |
|---|---|---|
| 1 | Set up a protocol agreement between NCA and some selected commercial telephone operators. | December 31, 2006 |
| 2 | Examine international best practices on how to allow the commercial use of VoIP. | January 31, 2007 |
| 3 | Initiate a pilot project by giving VoIP licenses to 2-3 commercial telephone operators in Accra. | March 31, 2007 |
| 4 | Evaluate the pilot project and decide whether to expand the commercial use of VoIP or not. | July 31, 2007 |

## (e) Financial implications

| | **Milestone/Activity** | **Estimated cost (US$)** |
|---|---|---|
| 1 | Set up a protocol agreement between NCA and some selected commercial telephone operators. | 15,000 for technical assistance |
| 2 | Examine international best practices on how to allow the commercial use of VoIP. | None |
| 3 | Initiate a pilot project by giving VoIP licenses to 2-3 commercial telephone operators in Accra. | None |
| 4 | Evaluate the pilot project and decide whether to expand the commercial use of VoIP or not. | 15,000 for technical assistance |

*Lead Implementing Institution:* *National Communications Authority (NCA).*

*Collaborating Institutions:* *Ghana Internet Service Providers association (GISPA), Ghana Outsourcing Association (GOA), Ghana Telecom, Areeba, TIGO, KASAPA.*

## Measure 7. Develop a Land Bank Portal.

### (a) Rationale and Country Context

Acquiring and developing land in Ghana is a significant source of delay, frustration and cost to investors. The processes by which land (in particular customary land) is allocated and transacted are time consuming and frequently opaque. Land transactions often provoke unforeseen multiple claims on the same land leading to court actions and injunctions that can delay site development for years.

In implementing the IPR recommendations, the GIPC has set up a Land Bank and offers an information desk for FDI related projects. However, the information on available land has so far not been disseminated sufficiently. The GIPC should develop a portal to disseminate Land Bank information.

### (b) Examples of best practice

The Vojvodina Investment Promotion Fund (VIP) of the Republic of Serbia has an online investment sites catalogue. By clicking on a map, investors can access information on different regions and municipalities. Apart from providing general socio-economic information, the catalogue provides information about different investment sites and industrial zones. The information contains the following fields: site, total area, structure, type of ownership, intended use, site description, service infrastructure, additional information (e.g. lease conditions) and contact information.

The Board of Investment of Sri Lanka also maintains a “Landbank” database of government and privately-owned land, accessible to potential investors. It also includes fully serviced plots of land on lease in Sri Lanka’s free trade zones and industrial parks. The land available on lease is indicated at a lease premium per acre in US$ for 30 years. Land is available throughout Sri Lanka for companies incorporated in the country.

### (c) Action Plan

- Set up a web-based information portal for the GIPC Land Bank linked to regional offices with remote access to update information online.
- Link the portal to other relevant websites and to Ghana's Embassies abroad.

## (d) Key performance indicators

| | **Milestone/Activity** | **Expected completion date** |
|---|---|---|
| 1 | Set up a web-based information portal for the GIPC Land Bank linked to regional offices with remote access to update information online. | February 2007 |
| 2 | Link the portal to other relevant websites and to Ghana's Embassies abroad. | February 2007 |

## (e) Financial implications

| | **Milestone/Activity** | **Estimated cost (US$)** |
|---|---|---|
| 1 | Set up a web-based information portal for the GIPC Land Bank linked to regional offices with remote access to update information online. | 30,000 for computer hardware and software support. |
| 2 | Link the portal to other relevant websites and to Ghana's Embassies abroad. | None. |

*Lead Implementing Institution:* *GIPC.*

*Collaborating Institution:* *Ministry of Foreign Affairs.*

## Measure 8. Set up an online tax information service.

### (a) Rationale and Country Context

Following a thorough revision of corporate tax assessment procedures, increased public information about these procedures is required. The proposal is to use information technology to improve the transparency of the tax authority and provide clear and timely tax information to business.

### (b) Examples of best practice

The Industrial Development Agency (IDA) of Ireland is an Irish Government agency with responsibility for securing new investment from overseas in manufacturing and internationally traded services sectors. On its website it has a specific section that relates to "Tax in Ireland". The section highlights new developments in personal and corporate taxation and has brochures that were developed in conjunction with major international tax advisors located in Ireland. In addition, it contains guidelines on specific tax grants that can be obtained in Ireland (e.g. revenue guidelines for R&D tax credit).

### (c) Action Plan

- IRS to issue regular bulletins on new practices and interpretations of tax legislation and rules.
- Set up a web/internet based system for electronic dissemination bulletins on taxation.

### (d) Key performance indicators

| | **Milestone/Activity** | **Expected completion date** |
|---|---|---|
| 1 | IRS to issue regular bulletins on new practices and interpretations of tax legislation and rules. | April 01, 2007 as commencement date |
| 2 | Set up a web/internet based system for electronic dissemination bulletins on Taxation. | June 30, 2007 |

## (e) Financial implications

| | **Milestone/Activity** | **Estimated cost (US$)** |
|---|---|---|
| 1 | IRS to issue regular bulletins on new practices and interpretations of tax legislation and rules. | None. |
| 2 | Set up a web/internet based system for electronic dissemination bulletins on Taxation. | 15,000 for technical assistance. |

*Lead Implementing Institution: Internal Revenue Service (IRS).*

*Collaborating Institutions: GIPC, Ministry of Finance.*

## Measure 9. Prepare a model stability agreement for mining.

### (a) Rationale and Country Context

Following the recommendations of the 2002 Investment Policy Review of Ghana, the Government enacted the Minerals And Mining Act 2006 (Act 703). The new legislation was developed in consultation with stakeholders. With the support and assistance of the Economic and Legal Section (ELS) of the Commonwealth Secretariat's Special Advisory Services Division, the Minerals Commission of Ghana (Minerals Commission) developed a draft *National Mining Policy for Ghana – Discussion Draft*, which takes account of the provisions of the new mining code and other relevant legislation and regulations, as well as the *Draft Minerals Sector Policy Document,* prepared by the Minerals Commission in June 2005. Ghana's new Minerals and Mining Act (2006) provides for the minister to enter into a stability agreement with a mining leaseholder (section 48 of the Act). A stability agreement may cover fiscal matters (taxes, royalties and duties) and regulatory matters. It would protect a mining investor from adverse changes in these matters for up to 15 years. It will also bring greater predictability and certainty. The Act requires that Parliament must ratify each stability agreement before it can enter into force.

It is proposed that a model stability agreement be drafted in close consultation with industry and in particular with the Parliament. If actual agreements are executed in line with the model agreement, this should help to expedite Parliamentary ratification. Moreover, prospective investors will be better informed as to the nature and scope of the agreement that they can expect to negotiate.

### (b) Examples of best practice

Chile and Peru, which are major locations for international mining investment, both offer stability agreements to investors. The terms of these agreements would provide useful case studies for Ghana. Chile's stability contracts provide guarantees on the terms and conditions of the legal, regulatory and policy regime applicable to the investment. They also include non-discriminatory treatment, allowance for any form of FDI, indefinite holding and control of assets, transfer rights (remission of profits, repatriation of capital), acquisition of foreign currency at prevailing inter-bank rates of exchange, and a *guaranteed* corporate tax rate for up to 20 years, with a right to take advantage of more favourable tax rates enacted subsequently. Chile does not require investors to specify in advance modifications of the regime that could impact on their investments. Peru's stability legislation currently allows investors to enter into stability contracts with the state at both the level of the individual investor and the enterprise. The agreements provide contractual assurances for up to 10 years (or longer in the case of concessions) to protect against any change in certain key policies. Variations regarding eligibility depend on the sectors involved. Mining, power, hydrocarbons, and infrastructure have the most favourable arrangements. The 10 year guarantee of stability covers sector legislation (with certain variations for regulated industries), national treatment, corporate income tax, free remittance abroad of profits, access to the most favourable exchange rate for currency conversions for inward and outward remittances, and income tax payable on dividends or other forms of profit-sharing. The contracts also provide for stability with regard to labour regulation and export promotion schemes (drawback). In the case of stability for corporate income tax, the investment must be a new investment or a 50 per cent expansion of the capital and reserves of an existing enterprise. It is possible on a once-only basis for the investor to move to the prevailing general legal regime when that would be more advantageous. Rights under the contract are automatically transferable.

## (c) Action Plan

- Contract a legal adviser with experience in mining to prepare a draft for consultation with stakeholders, including Members of Parliament.
- Prepare first draft of model agreement and obtain stakeholder comments.
- Finalise model agreement and obtain working groups sign-off.

## (d) Key performance indicators

| | **Milestone/Activity** | **Expected completion date** |
|---|---|---|
| 1 | Form working group of stakeholders, including nominated members of Parliament. Hold facilitated workshop to discuss possible terms and review case studies. | December 2006 |
| 2 | Prepare first draft of model agreement and obtain stakeholder comments. | January 2007 |
| 3 | Finalise model agreement and obtain working groups sign-off. | March 2007 |

## (e) Financial implications

| | **Milestone/Activity** | **Estimated cost (US$)** |
|---|---|---|
| 1 | International expert to draft model stability agreement on the basis of best practices. | $ 20,000 for technical assistance. |
| 2 | Local lawyer prepares inputs. | $ 5,000 for technical assistance. |
| 3 | Workshops to review and approve model agreement. | $ 6,000 |

*Lead Implementing Institution: Minerals Commission.*

*Collaborating Institutions: Chamber of Mines, Revenue Agencies Board, CEPS, GIPC.*

## Measure 10. Develop a package of measures to facilitate investment in value-adding downstream processing of minerals.

### (a) Rationale and Country Context

Ghana could have the potential to attract more investment in the smelting and refining of minerals. The Minerals and Mining Act (2006) does not address the requirements to promote the downstream industry and neither does the draft National Mining Policy. This measure fills the gap by identifying the special commercial requirements of the downstream industry and introducing changes, if appropriate, into government policy or legislation. Issues to be considered will include foreign exchange arrangements, export rights, fiscal measures and key infrastructure such as power cost and supply. Industry sources suggest that tax and regulatory arrangements are not optimal to realise this potential. For example, it is reported that the ability of investors to obtain project finance is hampered by a requirement to export through a state entity and by difficulties concerning the setting up offshore escrow account of foreign exchange earnings. These issues should be investigated a better package of measures proposed, as necessary.

### (b) Examples of best practice

Not established because it requires a special assessment (see action plan).

### (c) Action Plan

- Form a working group of stakeholders and contract an industry expert to assist in the development of the package. Prepare a draft package and obtain government approval.
- Identify any concomitant legislative changes.

### (d) Key performance indicators

| | **Milestone/Activity** | **Expected completion date** |
|---|---|---|
| 1 | Complete a needs and prospects assessment and identify best practice examples. | October 31, 2006 |
| 2 | Prepare a draft package. | December 15, 2006 |
| 3 | Obtain government approval, including legislative proposals. | April 30, 2007 |
| 4 | Develop and print promotional brochures and disseminate information about the available incentives among potential investors at home and abroad. | June 30, 2007 |

## (e) Financial implications

| | **Milestone/Activity** | **Estimated cost (US$)** |
|---|---|---|
| 1 | Undertake research and fact-finding mission to benchmark countries to determine best practices in investment promotion of value-added downstream processing of minerals | 15,000 for fact-finding missions. |
| 2 | Develop a package. | None. |
| 3 | Submit to stakeholders for validation. | 5,000 for workshop and related expenses. |
| 4 | Submit final draft proposal to Government for approval. | None |
| 5 | Develop, produce and disseminate multi-lingual promotional materials (mini-cds, brochures, flyers) about the available incentives among potential investors at home and abroad. | 10,000 for printing. |

*Lead Implementing Institutions:* *GIPC, Ministry of Trade, Industry, Private Sector Development and Special Presidential Initiative.*

*Collaborating Institutions:* *Bank of Ghana, Minerals Commission, Ghana Jewelers Association, Chamber of Mines.*

## Measure 11. Enact the competition law.

### (a) Rationale and Country Context

In the early 1990s, Ghana developed a draft Bill on competition with the assistance of UNCTAD. However, the Bill was never passed into law. In February 2005, the Ministry of Trade and Industry launched its Trade Policy and designed a 5 year action plan known as the Trade Sector Support Programme (TSSP). One of the components of the TSSP is Competition and Government Procurement. The draft bill on Competition and Fair Trade practices of 1992 covers both elements of competition and consumer protection. Under the TSSP, it is envisaged to produce a separate stand-alone 'state of the art' competition bill. The existing draft bill will be re-examined in the light of international best practice and other competition legislation from but not limited to South Africa, Zambia, Tanzania, the EU, the Gambia, and Mauritius. Best practice models such as the competition law models of UNCTAD and the Commonwealth Secretariat will be used as reference documents.

### (b) Examples of best practice

Several developing countries, including middle and low-income countries in Africa have adopted national competition laws with a view to ensuring that the benefits of liberalisation of trade and investments are not negated by private anti-competitive practices. For example Zambia introduced a competition law in 1998 and Kenya amended its Anti-monopoly and Prices Control Act in 2005 as a result of UNCTAD's Voluntary Peer Review of the Competition law and policy. Both The Zambian Competition Commission (ZCC) and Kenya's Monopolies and Price Commission (MPC) have been successful in advocating compliance with the competition law among the private sector, developing joint programmes. Both agencies have also taken decisions, for example on mergers and acquisitions that are not cumbersome or costly for business, ensuring that the proposed new entities do not lead to entry barriers or abuse of market power. The agencies provided valuable policy advice to the national privatisation agencies on the post privatisation market structure of the railways, breweries and insurance sectors. The ZCC and the MPC play a critical role in balancing private sector interests with general economic policy formulation and consumer interests.

### (c) Action Plan

- Organize a workshop to seek the views of stakeholders on the various provisions and other related issues that should be contained in the new draft Competition Bill.
- Review and redraft the Competition Bill of 1992 taking into account the provisions of the UNCTAD model law, other best practice models, the separation of consumer issues as stated in the Trade Policy document and stakeholder views as determined at the workshop.
- Submit the Bill to Cabinet.

## (d) Key performance indicators

| | Milestone/Activity | Expected completion date |
|---|---|---|
| 1 | Review and redraft the Competition Bill of 1992 taking into account the provisions of the UNCTAD model law, other best practice models, the separation of consumer issues as stated in the Trade Policy document and stakeholder views as determined at the workshop. | November 30, 2006 |
| 2 | Organize a workshop to seek the views of stakeholders on the various provisions and other related issues that should be contained in the new draft Competition Bill. | December 31, 2006 |
| 3 | Submit the Bill to Cabinet. | January 31, 2007 |

## (e) Financial implications

| | Milestone/Activity | Estimated cost (US$) |
|---|---|---|
| 1 | Review and redraft the Competition Bill of 1992 taking into account the provisions of the UNCTAD model law, other best practice models, the separation of consumer issues as stated in the Trade Policy document and stakeholder views as determined at the workshop. | 55,000 for technical assistance. |
| 2 | Organize a workshop to seek the views of stakeholders on the various provisions and other related issues that should be contained in the new draft Competition Bill. | 20,000 for organization of workshop and finalization of bill. |
| 3 | Submit the Bill to Cabinet. | None. |

*Lead Implementing Institutions: Ministry of Trade, Industry, Private Sector Development and Special Presidential Initiative.*

*Collaborating Institutions: Private Enterprise Foundation (PEF), Attorney General's Department.*

## Measure 12. Establish a digital One-Stop Shop.

### (a) Rationale and Country Context

In 2005, GIPC established a One-Stop Shop (OSS) providing foreign investors with assistance in the initial stages of investment. The concept has been to assemble together in one location, representatives from the `everyday` institutions, which investors visit to obtain various approvals, permits and authorizations. These include institutions such as the Registrar-General's Department, the Ghana Immigration Service, the Customs Excise and Preventive Service etc. To achieve higher efficiency when dealing with investors' requests, GIPC should provide investors with a web-based front-end office, which can handle all requests on behalf of mother agencies and ministries. The digital OSS could be located within the existing physical OSS and offer high quality assistance to investors by Internet, email or telephone.

### (b) Examples of best practice

Through the Agency for the Promotion of Industry (API), the Foreign Investment Agency of Tunisia (FIPA), currently runs its Digital One-Stop-Shop, after having successfully facilitated foreign investors through its physical OSS for a number of years.

To make the transition, many employees of associated institutions and ministries have followed extensive training programmes on investment promotion and investor facilitation in an OSS. Many government officials currently have a digital signatures in order to approve the digital process.

The procedures to start a company are done at a one-stop window that gathers all the concerned documentation. In May 2003 the 'One stop window' was awarded by INNORPI (National Institute for Standards and Industrial Property) a TUNICERT ISO 9001 Certification (version 2000). The One Stop Window has reduced the time to accomplish all administrative formalities necessary for the declaration of projects as well as the legal constitution of a company to between 24 and 48 hours.

The Investment Gateway developed by UNCTAD in Guatemala focuses on e-regulations. Although the system is not a full digital one-stop-shop (OSS), the e-enabled one-stop-shop will provide on-line, all information on administrative processes for investment procedures. Currently, these services are provided by a physical one-stop-shop. The e-enabled OSS will further provide on-line access to officials in charge of clearing procedures and issuing licences. It will also include all the required forms and the possibility to complete and submit these forms on-line.

In a second phase, on-line payments and an in-built monitoring system of approval flows will be included. The e-enabled OSS is seen as a solution to many of the logistical and administrative problems associated with a physical OSS. The physical OSS is, however, a prerequisite, to make the transition to an e-enabled OSS.

## (c) Action Plan

- Start a dialogue with liaising institutions about what to include in such a protocol of cooperation. The private sector should be consulted to ensure coherence between protocols and OSS customers' needs.
- Carry out a feasibility study to determine the structure of the digital front-end office. The feasibility study should include an assessment of appropriate OSS structures and activities to be digitalized.
- Develop technology/software required to implement the front-end digital OSS;
- Employ highly professional and service-minded staff to handle investor requests at the digital OSS.
- Design a training curriculum, on the basis of training needs assessment of staff members in GIPC and liaising agencies.

## (d) Key performance indicators

| | **Milestone/Activity** | **Expected completion date** |
|---|---|---|
| 1 | Start dialogue with liaising institutions about what to include in such protocol of cooperation. The private sector should be consulted to ensure coherency between protocols and OSS customers' needs. | September 30, 2006 |
| 2 | Carry out a feasibility study to determine the structure of the digital front-end office. The feasibility study should include an assessment of appropriate OSS structures and activities to be digitalized. | October 31, 2006 |
| 3 | Undertake a needs analysis study to determine resource requirements and appropriate platform to network participating stakeholders in the OSS. | January 31, 2007 |
| 4 | Develop technology/software required to implement the front-end digital OSS. | February 28, 2007 |
| 5 | Employ highly professional and service-minded staff to handle investor requests at the digital OSS. | February 28, 2007 |
| 6 | Design a training curriculum, on the basis of a training needs assessment of staff members in GIPC and liaising agencies. | March 31, 2007 |

## (e) Financial implications

| | **Milestone/Activity** | **Estimated cost (US$)** |
|---|---|---|
| 1 | Start dialogue with liaising institutions about what to include in such protocol of cooperation. The private sector should be consulted to ensure coherency between protocols and OSS customers' needs. | None. |

| | **Milestone/Activity** *(continued)* | **Estimated cost (US$)** |
|---|---|---|
| 2 | Carry out a feasibility study to determine the structure of the digital front-end office. The feasibility study should include an assessment of appropriate OSS structures and activities to be digitalized. | 10,000 for local consultancy input. |
| 3 | Undertake a needs analysis study to determine resource requirements and appropriate platform to network participating stakeholders in the OSS. | None. |
| 4 | Develop technology/software required to implement the front-end digital OSS. | 25,000 for software acquisition and development as well interface configuration for implementing institutions (local input). |
| 5 | Employ highly professional and service-minded staff to handle investor requests at the digital OSS. | None. |
| 6 | Design a training curriculum, on the basis of a training needs assessment of staff members in GIPC and liaising agencies. | 25,000 for technical assistance. |

*Lead Implementing Institution: GIPC.*

*Collaborating Implementing Institutions: Ghana Immigration Service, Internal Revenue Service, CEPS, Registrar General Department, Environmental Protection Agency, Bank of Ghana.*

## Measure 13. Set up a promotion strategy in two key sectors and prepare and distribute investment promotion material.

### (a) Rationale and Country Context

Ghana should target FDI promotion in two key sectors (agro-processing and minerals processing). There is currently a lack of material promoting Ghana in these sectors. GIPC and the OSS could play a role in producing and distributing such material to foreign investors.

### (b) Examples of best practice

The Costa Rica Investment Promotion Agency, CINDE, a private non-profit organization, realized in its early days that its economy and investment climate offered opportunities for FDI in specific industries. For example, in the late 1970s a couple of pioneer companies in the electronics industry established facilities in Costa Rica thanks to promotion efforts.

In 1987, the agency targeted FDI in medical devices. Since then, CINDE and the government of Costa Rica have devoted investment promotion efforts and resources to these key sectors. The activities range from developing specific industry related investment promotion materials (including for instance testimonials of existing investors) to developing an incentive package tailored to the industry. In addition to the medical devices and electronics industries, CINDE increasingly focuses on FDI in the service sector in general (Shared Service, Back Office, Call Center, Design and engineering, software development).

The services sector is currently the most dynamic, with more than 40 companies setting up operations last year.

### (c) Action Plan

- Develop a promotion strategy for the selected sectors.
- Identify target countries and prospective investors.
- Produce a simple investment guide that can be easily updated and one investment promotion video (CD-Rom).
- Establish overseas distribution channels for promotional material to potential investors in key markets.
- Undertake promotional mission to two prospective target countries.

## (d) Key performance indicators

| | Milestone/Activity | Expected completion date |
|---|---|---|
| 1 | Develop a promotion strategy for the selected sectors (agro-processing and minerals processing). | October 31, 2006 |
| 2 | Identify target countries and prospective investors. | October 31, 2006 |
| 3 | Produce a simple investment guide that can be easily updated and one investment promotion video (CD-Rom). | January 31, 2007 |
| 4 | Establish overseas distribution channels for promotional material to potential investors in key markets. | Already in place (Ghana Missions Abroad). |
| 5 | Undertake promotional mission to two prospective target countries. | April 30, 2007 |

## (e) Financial implications

| | Milestone/Activity | Estimated cost (US$) |
|---|---|---|
| 1 | Set up a promotion strategy in the two key sectors. | None. |
| 2 | Identify target countries and prospective investors. | 10,000 for technical assistance. |
| 3 | Produce a simple investment guide that can be easily updated and one investment promotion video (CD-Rom). | 25,000 for production costs. |
| 4 | Establish overseas distribution channels for promotional material to potential investors in key markets. | None. |
| 5 | Undertake promotional mission to two prospective target countries. | 30,000 for travel expenses and logistics of 3 officers. |

*Lead Implementing Institution:* *GIPC.*

*Collaborating Institutions:* *Ghana Free Zones Board, Minerals Commission*

## Measure 14. Design an investment promotion training programme for diplomats.

### (a) Rationale and Country Context

The Ministry of Foreign Affairs has the task of assisting the GIPC in its promotional endeavour. However, diplomats posted abroad lack extensive knowledge of investment promotion techniques. The establishment of a technical training programme for diplomats would be an effective means to build FDI promotion capacity. Training material should be developed, taking into account the specific needs of Ghanaian diplomats.

### (b) Examples of best practice

The Ministry of Foreign Affairs of Peru in collaboration with the national investment promotion agency, Proinversión, established a network of diplomats posted abroad in charge of investment promotion. To build capacity in the area of investment promotion for the diplomatic corps, the Ministry requested UNCTAD to organize training workshops. Two workshops were held, one for diplomats posted in Europe and one for those in Latin America. A third workshop will take place in Asia. The main objectives of these training workshops were to promote the exchange of best practices in investment promotion and to draft an action plan to efficiently use the Peruvian diplomatic corps to attract FDI to Peru.

The programmes of the workshops included general presentations on the global trends in FDI, determinants of FDI in Peru, investment promotion and competition policy, and strategic vision on FDI promotion. In addition, presentations focused on the experiences of current investors in Peru as well as best practices in investment promotion. Finally, other Governments such as Ecuador, Germany, Spain and The Netherlands shared their experiences in FDI promotion through the diplomatic corps and the critical success factors in investment promotion. Based on a SWOT analysis, an action plan was formulated. Embassies will build synergies and improve their capacity by sharing experiences and working in cooperation. The following initiatives have been launched: building regional networks; developing investment promotion material; strengthening links with the private sector; raising funds for investment promotion; embedding the Peruvian regions in investment promotion abroad.

### (c) Action Plan

- Select 5 embassies to participate in a pilot programme.
- Design a training curriculum, on the basis of a training needs assessment.
- Develop training material.
- Hold two workshops on investment promotion techniques involving GIPC staff and selected diplomats posted abroad.
- On the basis of the validated workshops' results, develop a distance learning training programme for diplomats on investment promotion techniques.

## (d) Key performance indicators

| | Milestone/Activity | Expected completion date |
|---|---|---|
| 1 | Select 5 embassies to participate in a pilot programme. | September 30, 2006 |
| 2 | Design a training curriculum, on the basis of a training needs assessment. | October 31, 2006 |
| 3 | Develop training material. | November 30, 2006 |
| 4 | Hold two workshops on investment promotion techniques involving GIPC staff and selected diplomats posted abroad. | February 15, 2007 |
| 5 | On the basis of the validated workshops' results, develop a distance learning training programme for diplomats on investment promotion techniques. | May 31, 2007 |

## (e) Financial implications

| | Milestone/Activity | Estimated cost (US$) |
|---|---|---|
| 1 | Select 5 embassies to participate in a pilot programme. | None |
| 2 | Design a training curriculum, on the basis of a training needs assessment. | 20,000 for technical assistance. |
| 3 | Develop training material. | 15,000 for technical assistance. |
| 4 | Hold two workshops on investment promotion techniques involving GIPC staff and selected diplomats posted abroad. | 15,000 |
| 5 | On the basis of the validated workshops' results, develop a distance learning training programme for diplomats on investment promotion techniques. | 10,000 |

*Lead Implementing Institutions:* *GIPC & Ministry of Foreign Affairs.*

*Collaborating Institutions:* *Ghana Free Zones Board, Ghana Export Promotion Council (GEPC).*

## Measure 15. Organise a matchmaking event with 10 large and medium size Asian TNC.

### (a) Rationale and Country Context

In order to increase awareness about Ghana and attract new investment from Asian investors, GIPC should organize a matchmaking event with selected TNCs and local firms. GIPC should select firms (including. suppliers and distributors) that have potential for producing exports in areas in which TNCs could contribute with their sector-specific expertise and capital. The event should be organized in collaboration with the Embassies of Ghana in selected countries.

### (b) Examples of best practice

On March 14 and March 15, 2006 UNCTAD, the Kenya Investment Authority (KIA), Export-Import Bank of India with the strong assistance of Kenyan ICT consultancy C4Idea, and the China Africa Business Council (CABC) organized two matchmaking events in Kenya (Nairobi): India Kenya ICT Investment Forum (14 March 2006) ; China Kenya Investment Forum (15 March 2006). UNDP Kenya funded both events as part of its programme component on expanding economic opportunities. The aim of both events was for potential Indian and Chinese investors, mainly medium-sized companies, to explore investment opportunities in Kenya and meet with potential partners. Although both events were different in their approach and set up they were both regarded as successful. The Indian matchmaking event was focused on ICT investors and exporters, while the Chinese matchmaking event involved investors from a wide range of industries. A large number of private follow up meetings and site visits took place around the country after the event. For example, one Indian investor mentioned that he had set up 27 meetings after the event.

*Critical success factors included:*

- No funding for travel offered to private sector, ensuring the commitment of participating private sector firms.
- Use of intermediaries (consultants) and local business community for contacting private sector participants.
- Special one to one meetings.
- Plenty of time set for networking.
- Location: CBD of Nairobi so local firms did not have to travel far.
- All parties involved were relevant for future investors.
- Testimonials: Current investors spoke about their positive experience in Kenya.

## (c) Action Plan

- Identify and invite 10 potential investors among Asian TNCs in sectors that are strong in Ghana and which represent good investment possibilities.
- Identify 20 potential Ghanaian partner companies including suppliers and distributors in sectors that correspond with those of the visiting industrialists/companies.
- Organize a matchmaking event for the Asian and Ghanaian firms.
- Arrange site visits to local firms and business incubators in and outside Accra.

## (d) Key performance indicators

| | **Milestone/Activity** | **Expected completion date** |
|---|---|---|
| 1 | Identify and invite 10 potential investors among Asian TNCs in sectors that are strong in Ghana and which represent good investment possibilities. | November 30, 2006 |
| 2 | Identify 20 potential Ghanaian partner companies including suppliers and distributors in sectors that correspond with those of the visiting industrialists/companies. | December 31, 2006 |
| 3 | Organize a matchmaking event for the Asian and Ghanaian firms. | March 31, 2007 |
| 4 | Arrange site visits to local firms and business incubators in and outside Accra. | March 31, 2007 |

## (e) Financial implications

| | **Milestone/Activity** | **Estimated cost (US$)** |
|---|---|---|
| 1 | Identify and invite 10 potential investors among Asian TNCs in sectors that are strong in Ghana and which represent good investment possibilities. | 20,000 for technical assistance. |
| 2 | Identify 20 potential Ghanaian partner companies including suppliers and distributors in sectors that correspond with those of the visiting industrialists/companies | 10,000 for technical assistance. |
| 3 | Organize a matchmaking event for the Asian and Ghanaian firms. | 10,000 for conference & meeting rooms. |
| 4 | Arrange site visits to local firms and business incubators in and outside Accra. | 2,000 for logistic. |

*Lead Implementing Institution: GIPC.*

*Collaborating Institutions: Association of Ghana Industries (AGI), Ghana Chamber of Mines, Private Enterprise Foundation (PEF), Chamber of Commerce, Minerals Commission, GEPC, GFZB.*

# ANNEX 1

## Implementing institutions in Ghana

Areeba
Association of Ghana Industries (AGI)
Attorney General's Department
Bank of Ghana
Customs, Excise and Preventive Service (CEPS)
Empretec Ghana
Energy Commission
Ghana Chamber of Mines
Ghana Employers Association
Ghana Export Promotion Council (GEPC)
Ghana Free Zones Board (GFZB)
Ghana Internet Service Providers Association (GISPA)
Ghana Investment Promotion Centre (GIPC)
Ghana Jewellers Association
Ghana National Chamber of Commerce & Industries
Ghana Outsourcing Association (GOA)
Ghana Telecom
Ghana Immigration Service (GIS)
Internal Revenue Services (IRS)
KASAPA
Management Development & Productivity Institute (MDPI)
Minerals Commission
Ministry of Energy
Ministry of Finance
Ministry of Foreign Affairs
Ministry of Labour
Ministry of Lands, Forestry & Mines,
Ministry of Manpower
Ministry of Trade, Industry, Private Sector Development and Special Presidential Initiative
National Communications Authority (NCA)
National Labour Commission
Private Enterprise Foundation (PEF)
Revenue Agencies Board
TIGO
Trade Union Congress (TUC)
VAT Secretariat
Youth & Employment (MMYE)

# ANNEX 2

## The Blue Book Measures and the Government of Ghana Private Sector Development Strategy (PSDS) 2004-2008

| **IDENTIFIED CONSTRAINTS**[1] | **GoG PSDS 2004-2008**[2] | **BLUE BOOK MEASURES (1-15)** |
|---|---|---|
| *Terms of trade conditions, Limited identification of key markets, Lack of export promotion, Focus on limited areas where Ghana has comparative advantages.* | **Output 1: Ghana's position in global and regional markets enhanced.** | |
| | Urgently develop a fully-fledged GoG Trade Policy. | Revise the model for BIT to guide in future negotiations and expand the DTT network (Measure 1). |
| | Implement the Ghana Investment Promotion Centre's 5-year strategic plan. | Establish a digital One-Stop Shop (Measure 12), Set up a promotion strategy in two key sectors and prepare and distribute investment promotion material (Measure 13), Design an investment promotion training programme for diplomats (Measure 14). |
| | Undertake sector-specific pro-market measures for strategic exports. These will address in a structured way the constraints on the operation of markets as they affect particular key export sectors. | Prepare a model stability agreement for mining (Measure 9), Organize a matchmaking event with 10 large and medium size Asian TNCs (Measure 15), Develop a package of measures to facilitate investment in value-adding downstream processing of minerals (Measure 10). |

[1] Source: "National Medium Term Private Sector Development Strategy 2004-2008", Government of Ghana; "Investment Policy Review Ghana", UNCTAD.
[2] *Source*: "National Medium Term Private Sector Development Strategy 2004-2008 Vol 1", Government of Ghana; "National Medium Term Private Sector Development Strategy 2004-2008 Vol 2", Government of Ghana.

| IDENTIFIED CONSTRAINTS[1] | GoG PSDS 2004-2008[2] | BLUE BOOK MEASURES (1-15) |
|---|---|---|
| *Access to land and site development, Customs administration, Tax administration, Infrastructure - especially maintenance, Electricity supply, Utility connection and services, Customer clearance, Complexity and non-transparency of regulations* | **Output 2: Efficiency and accessibility of national markets improved.** | |
| | Continue with existing infrastructure programmes. | Attract investment into new power generation projects (Measure 5), Commercialize VoIP calling facilities (Measure 6). |
| | Improve the service delivery of Customs, Excise and Preventive Service and the Internal Revenue Service in accordance with FIAS Report on Administrative Barriers to Investment. | Set deadlines deadlines and penalties in the administration of customs duty drawback (Measure 4), Set up an online tax information service (Measure 8), Enact the competition law (Measure 11). |
| | Develop appropriate structures with the developing Justice Sector Reform Programme to ensure that commercial dispute resolution is mainstreamed within the developing process | Improve the application of the new labour law (Measure 2). |
| | Strengthen the Land Administration Project in relation to micro and small enterprise rights, and implement the FIAS Report recommendations in resolution to site development and land administration. | Develop a Land Bank Portal (Measure 7). |

[1] *Source*: "National Medium Term Private Sector Development Strategy 2004-2008", Government of Ghana; "Investment Policy Review Ghana", UNCTAD.
[2] *Source*: "National Medium Term Private Sector Development Strategy 2004-2008 Vol 1", Government of Ghana; "National Medium Term Private Sector Development Strategy 2004-2008 Vol 2", Government of Ghana.

| IDENTIFIED CONSTRAINTS[1] | GoG PSDS 2004-2008[2] | BLUE BOOK MEASURES (1-15) |
|---|---|---|
| *Limited managerial skills, Limited training, Business registration and approvals, Informal nature of businesses, Bureaucracy, Lack of finance, Investment in production, agriculture and industrial research and extension, Low labour productivity, Marketing constraints.* | **<u>Output 3</u>: Competence and capacity building at the firm level.** | |
| | Develop a "best practice framework" against which firm level initiatives may be judged, undertake an audit of existing initiatives to assess the extent to which they comply with best practice and assess proposed new level against the best practice framework. Existing initiatives include areas such as General business support services, Training, Technology development, Information and networks and Business ethics. | Develop a training programme to increase productivity among factory workers (Measure 3), Organise a matchmaking event with 10 large and medium size Asian TNCs (Measure 15). |

[1] *Source*: "National Medium Term Private Sector Development Strategy 2004-2008", Government of Ghana; "Investment Policy Review Ghana", UNCTAD.

[2] *Source*: "National Medium Term Private Sector Development Strategy 2004-2008 Vol 1", Government of Ghana; "National Medium Term Private Sector Development Strategy 2004-2008 Vol 2", Government of Ghana.

| **IDENTIFIED CONSTRAINTS**[1] | **GoG PSDS 2004-2008**[2] | **BLUE BOOK MEASURES (1-15)** |
|---|---|---|
| *Lack of co-ordination, Corruption, Bureaucracy, Unpredictability and uncertainty of laws and policies, Lack of trust.* | **Output 4: Government's private sector policy formulation, implementation and monitoring and evaluation strengthened.** | |
| | To enhance capacity to make pro-private sector and pro-market decisions the Government will strengthen decision making on issues affecting private sector development, strengthen the quality of dialogue with the private sector and undertake strategic monitoring of the private sector development strategy. | Establish a digital One-stop shop (Measure 12). |
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[1] *Source*: "National Medium Term Private Sector Development Strategy 2004-2008", Government of Ghana; "Investment Policy Review Ghana", UNCTAD.
[2] *Source*: "National Medium Term Private Sector Development Strategy 2004-2008 Vol 1", Government of Ghana; "National Medium Term Private Sector Development Strategy 2004-2008 Vol 2", Government of Ghana.